(b) the rate of interest being received by Government on the above reserve each year;

(c) whether Government have taken any decision to sanction amount out of this foreign exchange reserves for infrastructure development in rural areas of the country; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) India's total foreign exchange reserves stood at US$ 128.23 billion on November 30,2004.

(b) The rate of earnings on foreign currency assets and gold stood lower at 2.1 per cent in 2003-04 as against 3.1 per cent in 2002-03 mainly on account of lower money market interest rates in major countries, on the one hand, and a fall in prices of securities due to rise in longer term yield, on the other.

(c) and (d) Any decision to utilize a part of foreign exchange reserves for funding domestic projects requires careful assessment *inter alia,* of the impact of such a measure on the fiscal situation, money supply, exchange rate, domestic interest rates, reserve adequacy and inflation.

Representation against imposition of Income Tax

3191. SHRI LEKHRAJ BACHANI:

PROF. ALKA BALRAM KSHATRIYA: Will the

Minister of FINANCE be pleased to state:

(a) whether the Agriculture Product Market Committee and State Governments have represented against the imposition of income tax on the said Committee for the assessment year 2003-04; and

(b) if so, the final decision of the Central Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The State Governments have been advised that considering the need to phase out all exemptions inconsistent with a moderate tax regime, **a** policy decision was taken through the Finance Act, 2002, to define the term "local authority" under section 10(20) of the Income-tax Act and thereby restrict the exemption to Panchayats, Municipalities, Municipal Committees, District Boards and Cantonment Boards. Agricultural Marketing Boards and the Market Committees do not fall within the definition and are, therefore, not eligible for tax exemption under this section.